

DEPARTMENT OF MENTAL HEALTH,  
RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
REPORT ON CONTRACT COMPLIANCE  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

DEPARTMENT OF ADMINISTRATION  
BUREAU OF AUDITS  
ONE CAPITOL HILL  
PROVIDENCE, RI 02908-5889



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
BUREAU OF AUDITS  
One Capitol Hill  
Providence, R.I. 02908-5889  
TEL #: (401) 222-2768  
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Department of Mental Health, Retardation and Hospitals  
Riverwood Rehabilitation Services, Inc.  
REPORT ON CONTRACT COMPLIANCE  
For the Fiscal Years Ended June 30, 2000 and 1999

#### EXECUTIVE SUMMARY

We had no significant findings to report for the fiscal years ended June 30, 2000 and 1999 and, as such, contain no recommendations.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

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December 28, 2001

Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920

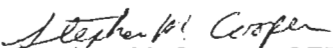
Dear Ms. Power:

We have completed an examination of the contracts between the Department of Mental Health, Retardation and Hospitals (MHRH) and Riverwood Rehabilitation Services, Inc., for the fiscal years ended June 30, 2000 and 1999.

The results of our engagement included herein, have been discussed with management and we have considered their comments in the preparation of our report. Since this report discloses no significant findings and recommendations, no written response is necessary as required by Section 35-7-4 of the General Laws.

We wish to express our appreciation to the officials of the Department of MHRH and to the Director and staff members of Riverwood Rehabilitation Services, Inc., for their cooperation and courtesies extended to us during the course of this engagement.

Sincerely,

  
Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits

SMC:pp

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

SCOPE AND PURPOSE

The purpose of this examination was to determine compliance with your department's terms and conditions contained within the Community Support, Residential and Acute Alternative Services Contracts as to:

- whether reported expenses were allowable and properly allocated;
- whether reported revenues were accurate; and
- any over or under funding on behalf of the Department of Mental Health, Retardation and Hospitals.

Our audit of the financial records included verification of revenues and expenses through testing procedures to the extent we deemed necessary in the circumstances. Occupancy requirements and resident contributions were examined for adherence to contract specifications. Client fund management was reviewed for conformance with applicable policies and guidelines.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

BACKGROUND

Riverwood Rehabilitation Services, Inc., located at 399 Metacom Avenue, Bristol, Rhode Island, is a non-profit corporation established under the State's General Laws and is governed by a Board of Directors of not less than 7 and not more than 25 members elected annually. The Provider, incorporated in 1982, provides residential and rehabilitation programs to mentally disabled adults. These programs, funded through the R.I. Department of Mental Health, Retardation and Hospitals are summarized below:

Residential Program

During the period audited, the Provider operated three group homes and two apartment buildings to serve mentally disabled adults aged eighteen and over in the Newport County and East Bay "Catchment Areas."

The locations of the group homes and apartments are as follows:

<u>Group Homes</u>	<u>Established</u>	<u>Licensed Capacity</u>
Portsmouth House 173 Locust Avenue Portsmouth, R.I.	1983	7
Barrington House 94 County Street Barrington, R.I.	1983	8
Tiverton House 2698 Main Road Tiverton, R.I.	1984	9
<u>Apartments</u> 5&7 Long Wharf Street Warren, R.I. 163 Buttonwoods Street Bristol, R.I.		

Mobile Treatment Team

This program provides community support services to clients in the Provider's catchment areas. Its administrative office is located at 80 Cutler Street, Warren, R.I.



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Ms. A. Kathryn Power, Director  
Department of Mental Health, Retardation and Hospitals  
Barry Hall - 2  
600 New London Avenue  
Cranston, RI 02920

Dear Ms. Power:

We have performed the procedures enumerated below, which were agreed to by the Department of Mental Health, Retardation and Hospitals (MHRH) and Riverwood Rehabilitation Services, Inc., (Center), solely to assist the users in evaluating management's assertion about the Center's compliance with the Division of Behavioral Health Service's financial terms and conditions contained within the Community Support Residential and Acute Alternatives Services contracts during the fiscal years ended June 30, 2000 and 1999, included in the accompanying Report on Contract Compliance. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For purposes of this engagement we tested compliance with the above-mentioned specified requirements for determining allowable costs, accuracy of reported activities, and any excess funding on behalf of MHRH. Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that there were instances of noncompliance with the terms and conditions contained within MHRH's Community Support and Related Services Contracts for the fiscal years ended June 30, 2000 and 1999.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Ms. A. Kathryn Power, Director  
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This report is intended solely for the use of MHRH and the Center and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Sincerely,



Stephen M. Cooper, CFE, CGFM  
Chief, Bureau of Audits  
June 22, 2001

SMC:pp



DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 RIVERWOOD REHABILITATION SERVICES, INC.  
 STATEMENT OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 2000

	Community Support Residential, and <u>Acute Alternatives</u>
<u>Revenues</u>	
MHRH	\$ 16,964
Title XIX Medicaid	1,550,251
Grants	31,630
Donations	7,127
Client Fees	163,574
Investment Income	24,432
Miscellaneous	<u>36</u>
Total Revenues	\$ <u>1,794,014</u>
<u>Expenses</u>	
Personnel	1,382,761
Operating	393,432
Purchased Equipment	<u>31,867</u>
Total Expenses	\$ <u>1,808,060</u>
Excess (Deficiency) of Revenues Over Expenses	\$ <u><u>(14,046)</u></u>

See accompanying notes to financial information.

:SP-9a

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 RIVERWOOD REHABILITATION SERVICES, INC.  
 STATEMENT OF REVENUES AND EXPENSES  
 FISCAL YEAR ENDED JUNE 30, 1999

	<u>Community Support Residential, And Acute Alternatives</u>
<u>Revenues</u>	
MHRH	\$ 24,050
Title XIX Medicaid	1,533,412
Donations	5,381
Client Fees	177,567
Investmment Income	18,582
Miscellaneous	<u>23,502</u>
Total Revenues	\$ <u>1,782,494</u>
<u>Expenses</u>	
Personnel	1,320,678
Operating	415,042
Purchased Equipment	<u>35,502</u>
Total Expenses	\$ <u>1,771,222</u>
Excess (Deficiency) of Revenues Over Expenses	\$ <u><u>11,272</u></u>

See accompanying notes to financial information.

:SP-9b

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
 RIVERWOOD REHABILITATION SERVICES, INC.  
 STATEMENT OF OPERATIONS - TITLE XIX PROGRAM  
 FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	Fiscal Year Ended June 30	
	2000	1999
<u>Beginning Balance</u>	\$ -	-
Revenues Received Designated for Programs	<u>1,550,251</u>	<u>1,533,412</u>
<u>Revenues Applied:</u>		
Community Support and Related Services	<u>1,550,251</u>	<u>1,533,412</u>
Ending Balance	<u>\$ -</u>	<u>-</u>

See accompanying notes to financial information.

:SP-9c

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

NOTES TO FINANCIAL INFORMATION

Note 1 – Significant Accounting Policies

Basis of Accounting:

The financial information is presented on the accrual basis of accounting, which complies with the financial terms and conditions contained within the Community Support and Related Services contracts for the fiscal years ended June 30, 2000 and 1999. Under this basis, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

DEPARTMENT OF MENTAL HEALTH, RETARDATION AND HOSPITALS  
RIVERWOOD REHABILITATION SERVICES, INC.  
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

FINDINGS

Net Operations

Net operating results for the Provider's programs for the fiscal years ended June 30, 2000 and 1999 (Exhibits A and B) are summarized below:

<u>Program</u>	<u>2000</u>	<u>1999</u>
Community Support, Residential, And Acute Alternatives	<u>\$ (14,046)</u>	<u>\$ 11,272</u>

Community Support, Residential, and Acute Alternatives

The Community Support, Residential, and Acute Alternatives contract had excess revenue in the amount of \$11,272 for the fiscal year ended June 30, 1999 which is restricted for determination of use by MHRH in subsequent years.

Revenue Deficiencies

It is our understanding that each contract stands on its own and that any expenses in excess of the contracted amounts will be absorbed by the Provider.

During the period reviewed the following MHRH – Division of Behavioral Health Services contract had a deficiency:

2000 – Community Support and Related Services    \$ (14,046)